TRANSFIELD SERVICES

Transfield Services

Full year results 29 August 2014

Graeme Hunt – Managing Director and Chief Executive Officer
Vince Nicoletti – Chief Financial Officer

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Throughout this document non-IFRS financial indicators are included to assist with understanding Transfield Services' performance. The primary non-IFRS information is proportionately consolidated financial information, underlying EBITDA, underlying EBIT, underlying NPAT and statutory net profit after tax, pre-amortisation and pre-impairment. Management believes proportionately consolidated information is a more accurate reflection of operational results due to the materiality of joint venture arrangements in place. Proportionately consolidated results include Transfield Services' share of joint venture revenues and earnings. Management believes underlying EBITDA, underlying EBIT and underlying NPAT are more appropriate indications of the on-going operational earnings of the business and its segments because these measures do not include one-off significant items (both positive and negative) that relate to disposed or discontinued operations or costs incurred to restructure the business in the current period. Management believes underlying NPAT pre-amortisation and pre-impairment to be an appropriate measure of cash NPAT after adjusting for amortisation of acquired intangibles and non-cash impairment of assets. A reconciliation of non-IFRS to IFRS information is included where these metrics are used. This document has not been subject to review or audit by Transfield Services' external auditors. All comparisons are to the previous corresponding period of FY2013 – the 12 months ended 30 June 2013, unless otherwise indicated. Certain figures provided in this document have been rounded. In some cases, totals and percentages have been calculated from information that has not been rounded, hence some columns in tables may not add exactly.

TRANSFIELD SERVICES

Graeme Hunt

Managing Director and Chief Executive Officer

- Delivered on our FY2014 commitments
- Strong forward momentum
- More potential to be unlocked

Delivered FY2014

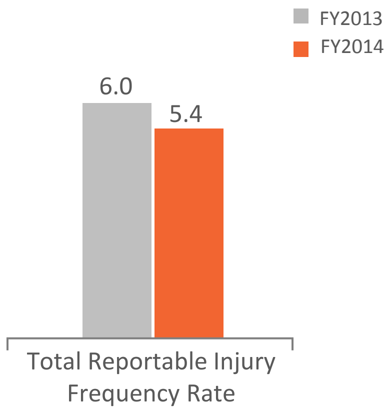
- ☑ **Underlying EBITDA:** **$217 million**
- ☑ **Underlying NPAT:** **$73 million**
- ☑ **Normalised Operating Cash Conversion:** **108%**
- ☑ **Statutory NPAT pre amortisation: $67m (within guidance range of $65m to $70m)**

- ☑ Reduction in Total Recordable Injury Frequency Rate (TRIFR), with more work to do
- ☑ Margins improving and strong contracted revenue position
- ☑ Solid underlying earnings and cash conversion
- ☑ Debt restructure complete and tenor of debt facilities doubled
- ☑ Healthier balance sheet, lower total funding and improving Return on Capital Employed (ROCE)
- ☑ New operating model in place – service and sector value focus
- ☐ Portfolio simplified with sale of Middle East and India businesses, but process not complete
- ☐ In the US, Resources and Energy business is sound, but Roads business and Flint Transfield Services Joint Venture underperforming

Overview of FY2014 – progress on all fronts

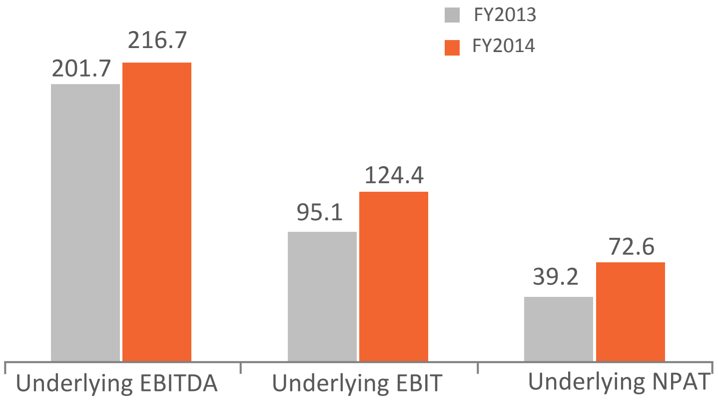
Improved safety effort

Injuries per million hours worked



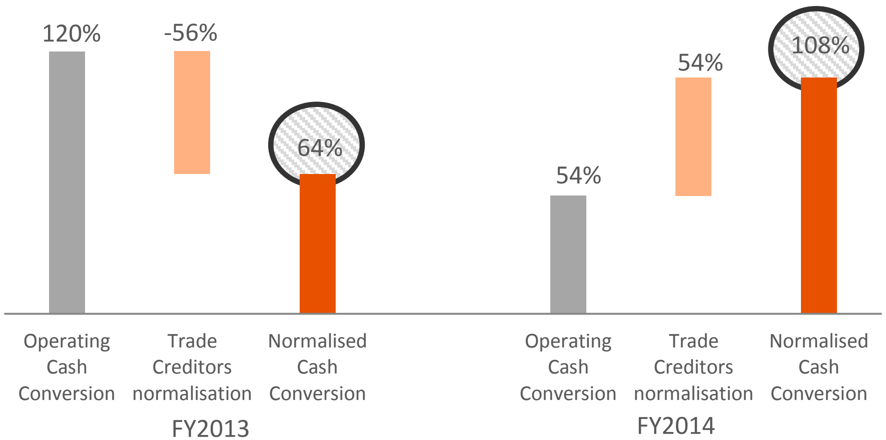
Growth in underlying earnings

AUD$'m



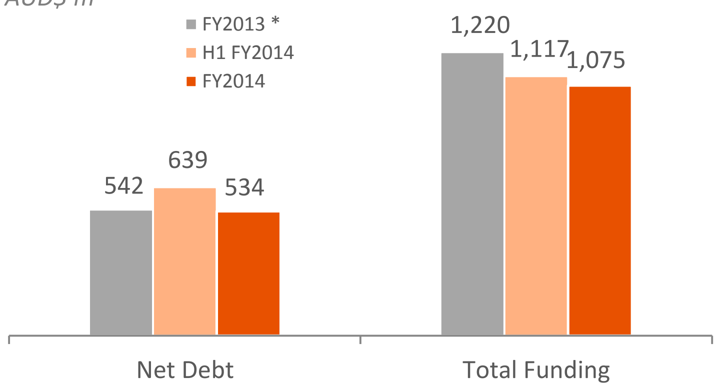
Solid operating cash performance

Operating cash flow / Underlying EBITDA



Stronger balance sheet

AUD$'m



* FY2013 numbers have been restated to conform to changes in IFRS11

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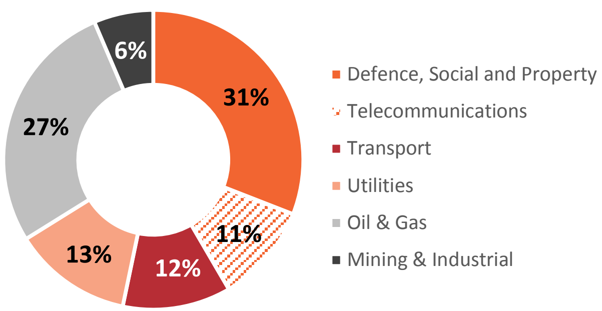
Revenue split

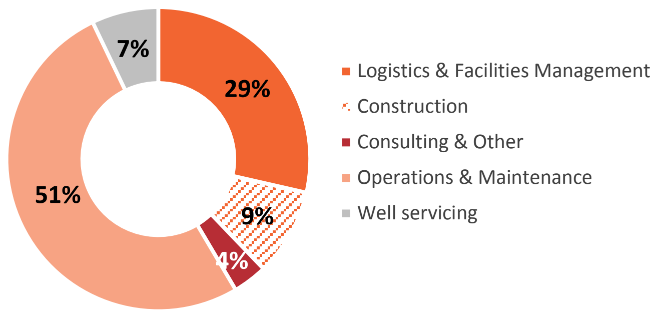
FY2014 statutory revenue by sector

% of total Group revenue

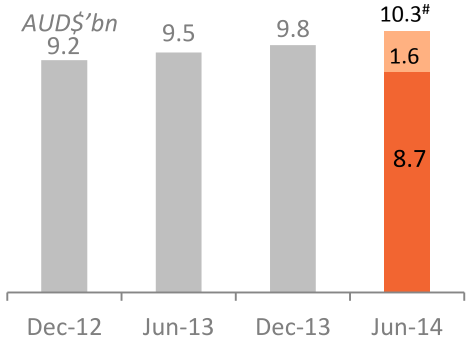


FY2014 statutory revenue by service line

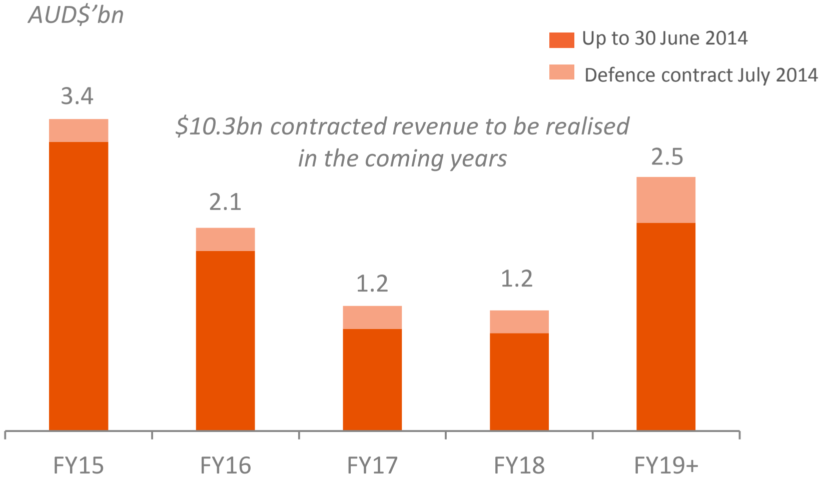
% of total Group revenue



Historical contracted revenue*



Ageing of contracted revenue *



Contracted revenue* by contract type

WIH by Contract Type ($)	June-14	%	June-13	%	Movement
Cost Reimbursable	1.2bn	11%	1.7bn	18%	-0.5bn
Schedule of rates	3.7bn	36%	3.8bn	40%	-0.1bn
Fixed Fee for Service	5.1bn	50%	3.9bn	41%	1.2bn
Lump Sum (D&C)	0.3bn	3%	0.1bn	1%	0.2bn
Total	**10.3bn**	**100%**	**9.5bn**	**100%**	**0.8bn**

- 46% new contract win rate, 72% renewal rate
- Margins on new contracts exceeds average margins
- Contract opportunities in pipeline at 30 June 2014 of $24 billion

** Revenue is proportionately consolidated and include $1.6bn Defence contract awarded in July 2014*

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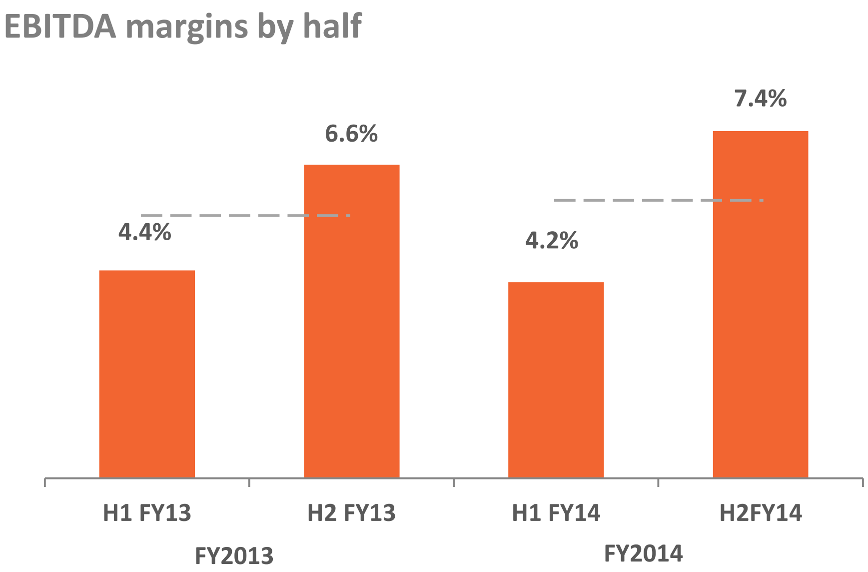
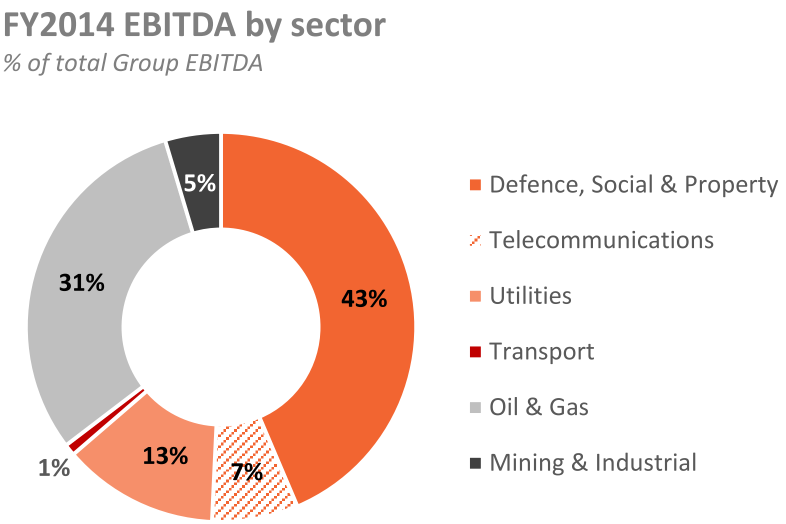
EBITDA breakdown





Increase in EBITDA margins in H2 FY2014 influenced by:

- Expansion to Immigration contract operational in fourth quarter
- NBN work program recommenced in second half
- Low margin contracts ending in first half (water, power, rail)
- Full six months of benefits from first half restructuring

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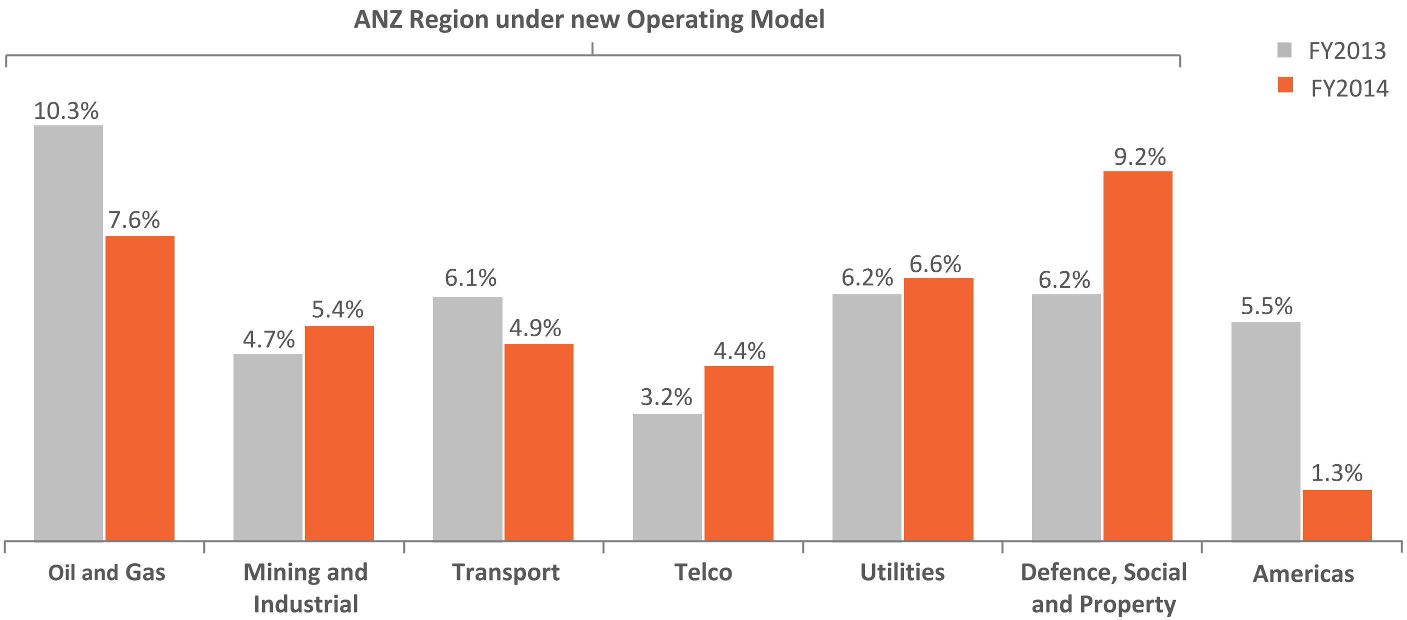
EBITDA margin analysis



- Margin growth in Defence, Social and Property due to contract wins and extensions during year (Immigration, Defence and Housing) and in Telecommunications due to return of NBN volumes and overhead reductions
- Oil and Gas margins fell due to higher maintenance revenue, less shutdown and project work and slightly lower rig utilisation
- Transport margins under pressure with lower volumes
- Americas margins impacted by Roads business and Flint Transfield Services Joint Venture

Vince Nicoletti

Chief Financial Officer

FY2014 results in line with expectations

AUD$'m	FY2014	FY2013	*Movement*
Operating Revenue	**3,728.1**	**3,667.1**	***2%***
Infrastructure ANZ	2,338.9	2,300.4	*2%*
Resources and Energy ANZ	919.8	865.7	*6%*
Americas	466.1	496.1	*(6)%*
Corporate	3.3	4.9	*(33)%*
Underlying EBITDA [1]	**216.7**	**201.7**	***7%***
Infrastructure ANZ	165.4	132.4	*25%*
Resources and Energy ANZ	70.6	78.4	*(10)%*
Americas	6.0	27.1	*(78)%*
Corporate	(25.3)	(36.2)	*30%*
Underlying EBIT [1]	**124.4**	**95.1**	***31%***
Underlying NPAT [2]	**72.6**	**39.2**	***85%***
Statutory NPAT [3]	**52.8**	**(254.5)**	

[1] Underlying EBITDA and EBIT excludes the following non-recurring items: gain on sale of investments, restructuring costs, impairment of assets and loss from discontinued operations – refer reconciliation in Appendix
[2] Underlying NPAT excludes after-tax non-recurring items – refer reconciliation in Appendix
[3] No impairments in FY2014 (FY2013 after tax impairments: -$298.2m including Middle East and Asia)

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FY2014 regional performance

Infrastructure ANZ

- Outperformance in FY2014, particularly in Defence, Social and Property including successful transition of expanded Immigration contract
- Margins in Telecommunications restored in second half of FY2014, offset by contracts ending in water, rail and power in previous periods
- Consistently strong cash flows and low debtor days at 39 days

Resources and Energy ANZ

- Reduction in EBITDA margins due to ongoing change in contract mix – higher contribution from operations and maintenance contracts and reduced shutdown and project work
- Easternwell revenue on track but slight decrease in energy rig utilisation
- Disposal of Transfield Worley New Zealand Joint Venture in October 2013 also impacted EBITDA

Americas

- Good performance in US Resources and Energy but disappointing Flint Transfield Services Joint Venture contribution – leadership changes occurred to refocus joint venture
- Roads business continues to struggle due to extreme winter conditions in Canada – remediation process continues and in discussion with clients regarding terms of commercial contracts

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Cost reductions

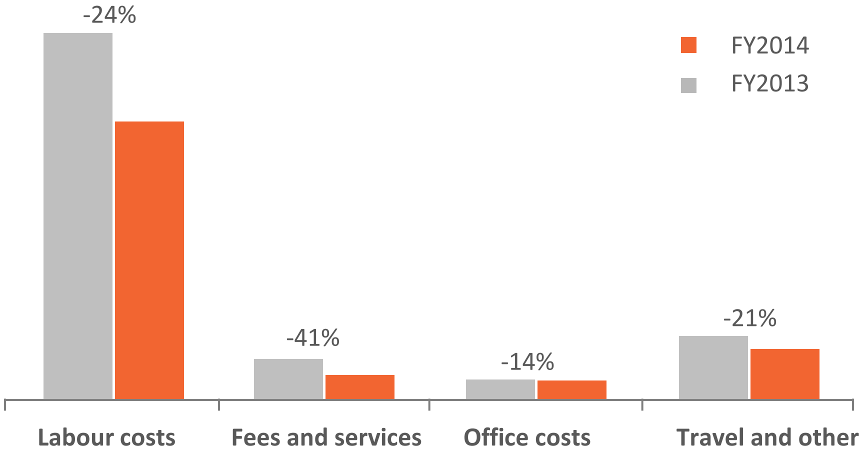
- Costs continue to be removed at the Corporate level ($8.1m during FY2014) as well as at fixed overhead level (refer table to right)
- Americas fixed overhead percentages impacted by reduction in revenues
- All tiers targeted in cost reduction program during FY2013 and FY2014 have been achieved
- Opportunity for further cost reductions with move to operating model in FY2015
- Regional overheads to be replaced with reduced sector and service level overheads

Fixed overheads as a % of revenue:

Metric	FY14	FY13	Mvmt	Var
Group	5.8%	5.9%	-0.1%	-1.7%
Infrastructure ANZ	1.4%	2.0%	-0.6%	-28.5%
Resources and Energy ANZ	2.1%	2.4%	-0.3%	-14.3%
Americas	9.8%	9.5%	0.3%	3.2%

Reductions in all overhead categories

AUD$'m with % reduction year on year



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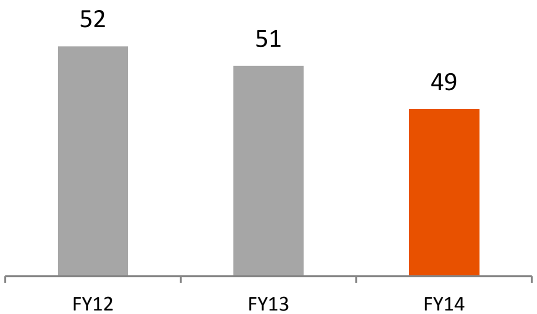
Ongoing improvement in balance sheet

Trade debtor days

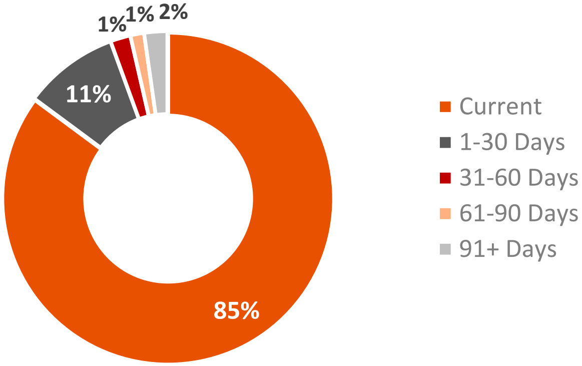
(trade debtors / operating revenue x 365 days)



Debtors days trending down

Debtors ageing June 2014

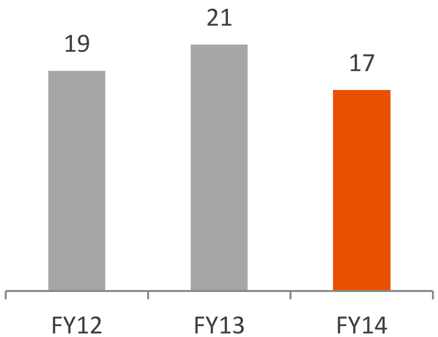
(excluding impaired debtors)



Majority of debtors less than 30 days overdue

WIP days

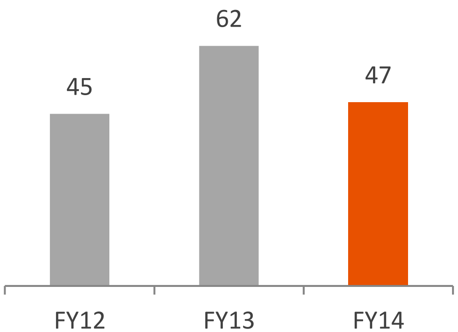
(WIP / operating revenue x 365 days)



Better billing practices

Creditor days

(creditors / operating expenditure x 365 days)



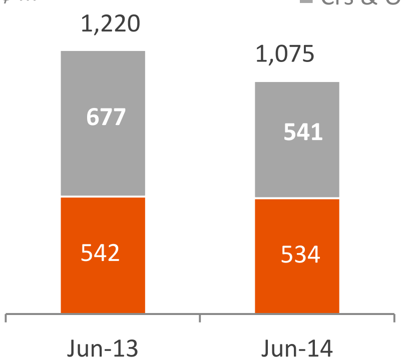
Company decision to normalise creditors

Total Funding

AUD$'m

Net Debt

Crs & Other Payables



Improvement in balance sheet

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Group metrics

Profit and loss	FY2014	FY2013	Improvement	Trend	Longer term target
Proportionately consolidated EBITDA margin [1]	5.6%	5.2%	8%	✓	
Fixed overheads as % of operating revenue	5.8%	5.9%	2%	✓	5.0%
Cash flows	**FY2014**	**FY2013**			
Normalised operating cash conversion [2]	108%	64%	69%	✓	100%
Balance sheet	**FY2014**	**FY2013**			
Debtor days	49 days	51 days	4%	✓	45 days
WIP days	17 days	21 days	19%	✓	10 days
Net debt	$534m	$542m	1%	✓	
Total funding (creditors plus net debt)	$1,075m	$1,220m	12%	✓	
Ratios	**FY2014**	**FY2013**			
Return on Capital Employed (ROCE)	10.0%	7.8%	28%	✓	15%
Gearing (net debt/net debt + equity)	41%	43%	5%	✓	25 – 35%
Net debt to EBITDA [3]	2.4x	2.7x	11%	✓	≤ 2.0x

[1] Proportionately consolidated EBITDA margin = Proportionately consolidated underlying EBITDA divided by Proportionately consolidated operating revenue, post overhead allocations

[2] Normalised operating cash conversion = Operating cash flow before interest and tax less creditor normalisation divided by underlying EBITDA

[3] Net debt to EBITDA based on statutory balance sheet

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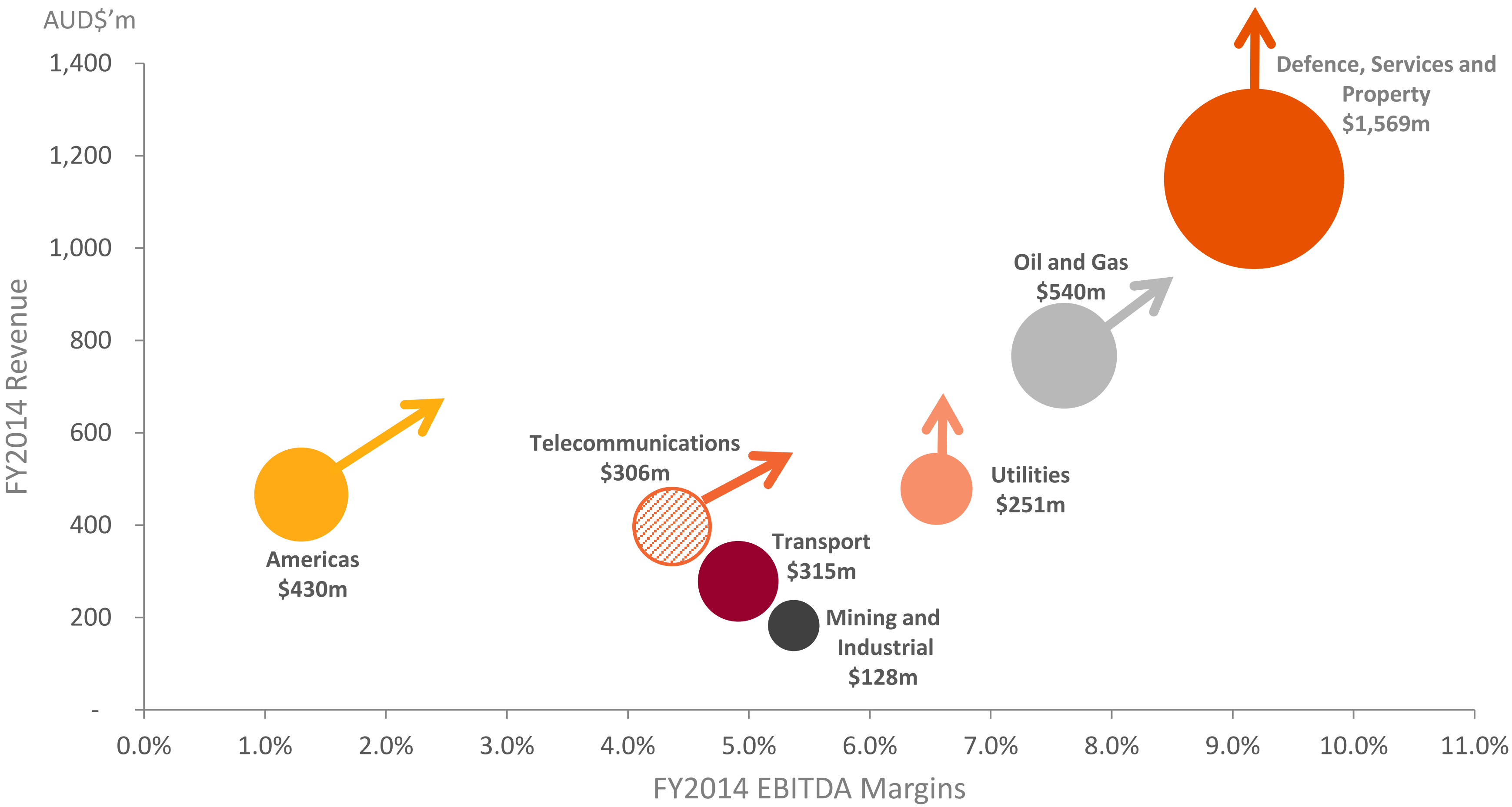
Graeme Hunt

Managing Director and
Chief Executive Officer

Further work to do:

- Safety performance – monitoring lead indicators and more focus on safety intervention and coaching
- Balance sheet – maintain working capital discipline and drive further reduction in Net debt to EBITDA down to target levels within 12 months
- Portfolio rationalisation – RATCH Australia Corporation Limited (RACL) and Easternwell Minerals continue to be classified as non-core assets and will only be divested where it is in the best interests of shareholders
- Complete roll-out of operating model:
  - Continue to drive down (and keep out) overhead and site costs
  - Sector focus to deliver further revenue and pipeline growth
- Enterprise Resource Planning tool bedding in – completion due in FY2015
- Improvement in underperforming businesses – Americas' Roads business and Flint Transfield Services Joint Venture

Well positioned, solid opportunities in most sectors:



- Circle size represents annualised contracted revenue
- Arrows represent directional outlook for our operations in the medium term – not to scale

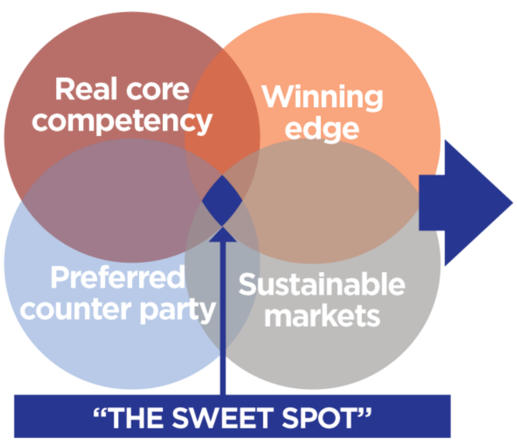
TRANSFIELD SERVICES

Strategic focus

WHERE WE OPERATE

"Focus our efforts on delivering services in sustainable growth markets that are essential to our clients ongoing operations

HOW WE POSITION



- Superior safety focus
- Focus on sustainable opportunities that are aligned with strategy
- As fully integrated with client as possible
- Steady growth potential
- Play to our real core competencies
- Capital light and adherence to return requirements (min 15% ROCE)
- Near term divestment and organic growth focus

WHAT THIS MEANS

TRANSFIELD SERVICES WILL:

- Have a better focused operating portfolio
- Be returns focused - profitable growth not just revenue growth
- Move away from commoditised markets
- Have a greater responsibility for client business outcomes

THIS MEANS:

- A sustainable platform
- A more profitable business
- Consistent returns
- Lower volatility

Increased Total Shareholder Returns

Operating model *

HOW WE STRUCTURE

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SERVICES	INFRASTRUCTURE: Utilities	INFRASTRUCTURE: Telco	INFRASTRUCTURE: Transport	DEFENCE, SOCIAL AND PROPERTY: Defence	DEFENCE, SOCIAL AND PROPERTY: Social	DEFENCE, SOCIAL AND PROPERTY: Property	RESOURCES AND INDUSTRIAL: Oil & Gas	RESOURCES AND INDUSTRIAL: Mining	RESOURCES AND INDUSTRIAL: Industrial
LOGISTICS AND FACILITIES MANAGEMENT			Existing Contracts	Existing Contracts	Existing Contracts	Existing Contracts			Existing Contracts
CONSULTING	Existing Contracts		Existing Contracts			Existing Contracts	Existing Contracts		
CONSTRUCTION	Existing Contracts	Existing Contracts	Existing Contracts				Existing Contracts		
OPERATIONS AND MAINTENANCE	Existing Contracts	Existing Contracts	Existing Contracts	Existing Contracts			Existing Contracts	Existing Contracts	Existing Contracts
WELL SERVICING							Existing Contracts	Existing Contracts	

SECTORS

SUPPORT

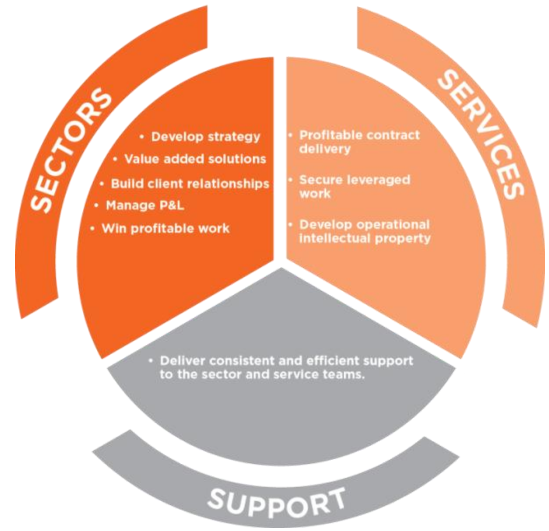
SUPPORT
Finance, HR, IT, Procurement, Plant, Property & Equipment, HSE, Quality, Legal & Risk, Labour Relations

Where are we up to?

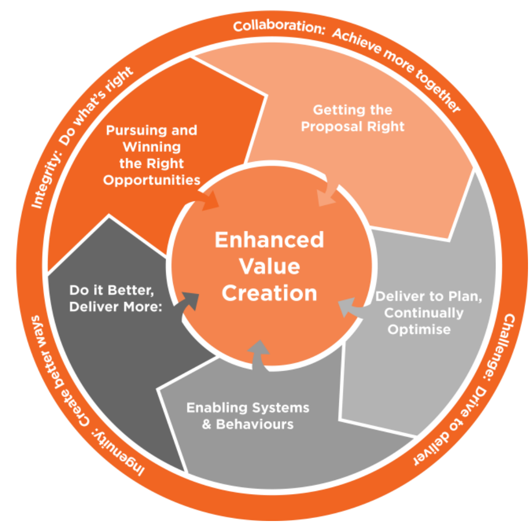
- Appointments to MD-1 finalised
- FY2015 budget executed in line with new operating model
- Core structures in place and operating business as usual

** Reconciliation of revenue pre and post operating model included in Appendix*

Roles



Execution Method



Operating Model – expected benefits and early wins

Sectors

- Focusing responsibilities to allow deeper insights and understanding of clients and markets
- Some obvious contract wins progressing, previously overlooked due to legacy regional structure in prior years
- ✓ Initial feedback from clients positive

Services

- ✓ Customer service focus evident across contract execution, improving chance of identifying leverage work and future customer opportunities
- Signs of productive collaboration between Service and Sector leads due to shared financial accountabilities

Support

- Best practice execution shared across business – safety, productivity, innovation
- ✓ Successful reduction of business unit overhead and execution improvements evident
- ✓ Reporting for new operating model structure in place and greater clarity of performance
- ✓ Better aligned planning and budgeting process

Outlook and guidance

- Ongoing strong performance in Defence, Social and Property with expanded footprint in Defence from December 2014
- In Oil and Gas, medium term outlook in Australia remains positive and continues to improve in the Americas
- Telecommunications expected to grow as NBN packages are released and NZ optic fibre roll-out gains momentum
- Short term outlook is flat for Utilities and Transport Sectors
- In the Americas, Roads and Flint Transfield Services JV under remediation

FY2015 Guidance - underlying EBITDA* in range of $240-260 million

* Underlying EBITDA represents operating EBITDA before restructuring and other significant non-recurring items

Questions?

Appendix

Reconciliation of underlying to statutory

EBITDA Reconciliation AUD$'m	FY2014	FY2013
Underlying EBITDA	**216.7**	**201.7**
Gain/loss on sale of asset	20.1	27.2
Impairment (pre-tax)	-	(308.5)
Restructuring costs	(22.6)	(21.4)
Exit on Chilean construction contracts	(3.7)	-
Statutory EBITDA	**210.5**	**(101.0)**

EBIT Reconciliation AUD$'m	FY2014	FY2013
Underlying EBIT	**124.4**	**95.1**
(Gain)/loss on sale of asset	20.1	27.2
Impairment (pre-tax)	-	(308.5)
Restructuring costs	(22.6)	(21.4)
Exit on Chilean construction contracts	(3.7)	-
Statutory EBIT	**118.2**	**(207.6)**

NPAT Reconciliation AUD$'m	FY2014	FY2013
Underlying NPAT	**72.6**	**39.2**
Gain/loss on sale of asset	20.1	27.2
Impairment (pre-tax)	-	(308.5)
Restructuring costs	(22.6)	(21.4)
Exit on Chilean construction contracts	(3.7)	-
Discontinued Operations	(13.6)	(10.6)
Tax on non recurring items	-	19.6
Statutory NPAT	**52.8**	**(254.5)**
Add back amortisation	14.1	16.6
Add back after-tax impairment	-	298.2
NPAT pre amortisation	**66.9**	**60.3**

Underlying cash conversion

Reconciliation of EBITDA to Cash Conversion AUD$'m	FY2014	FY2013
Underlying EBITDA	**216.7**	**207.4**
Plus reduction in debtors	7.9	44.4
Plus increase in WIP and Inventories	28.7	(78.8)
Less decrease in unearned revenue	(7.1)	(8.6)
Less decrease in trade and other payables	(141.9)	109.5
Plus movements in other assets and liabilities	12.3	(30.0)
Less JV Share of Profits	(17.2)	(25.7)
Plus JV Distributions	17.3	31.7
Operating Cash Flow before Interest and Tax	**116.7**	**249.9**
Operating Cash Conversion	**54%**	**120%**
Adjust for normalisation in trade creditors	117.5	(117.5)
Normalised Operating Cash Flow before Interest and Tax	**234.2**	**132.4**
Normalised Operating Cash Conversion	**108%**	**64%**

Reconciliation of Operating to Statutory Cash Flow	
Operating Cash Flows before Interest and Tax	**116.7**
Subtract: Net movements in tax	(15.8)
Subtract: Net interest payments	(58.6)
Underlying operating Cash Flows	**42.3**
Subtract: Restructuring costs	(22.6)
Subtract: Exit of Chilean business	(3.7)
Subtract: Other	(6.5)
Statutory Cash Flow from Operations	**9.5**

- Normalisation of trade creditors in H1 FY2014 impacted the operating cash conversion of 54%
- Excluding normalisation of trade creditors, significant improvement in underlying cash performance in FY2014
- Normalised cash conversion 108% compared to 64% in prior year due to creditor reduction

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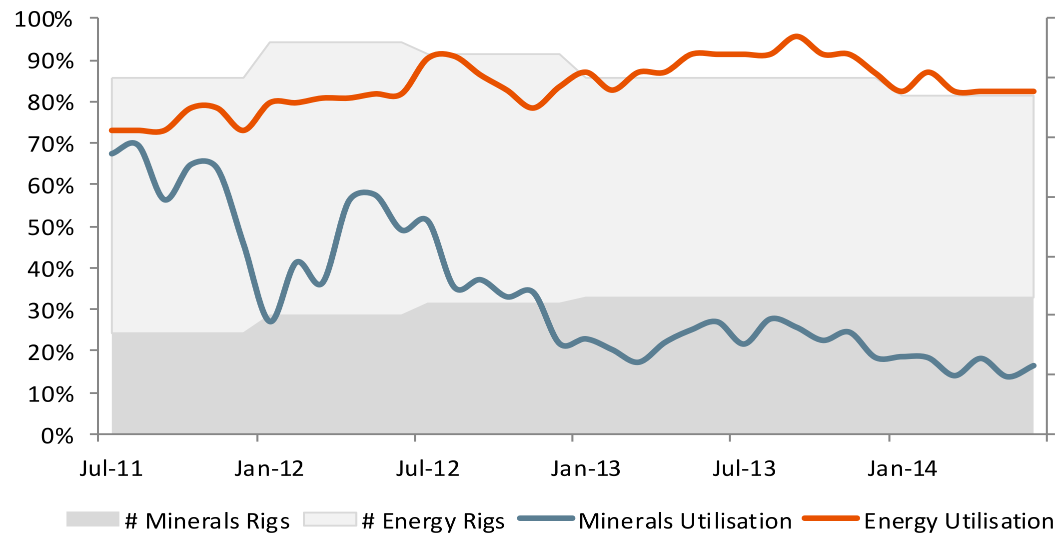
Easternwell

Easternwell rig utilisation
Monthly utilisation %



- Slightly lower rig utilisation in FY2014 compared to prior year impacted well servicing margins
- Ramp up in market demand slowed due to delays in delivery of capital projects
- New rig opportunities imminent and market outlook remains solid
- Minerals rig utilisation remains low but breakeven

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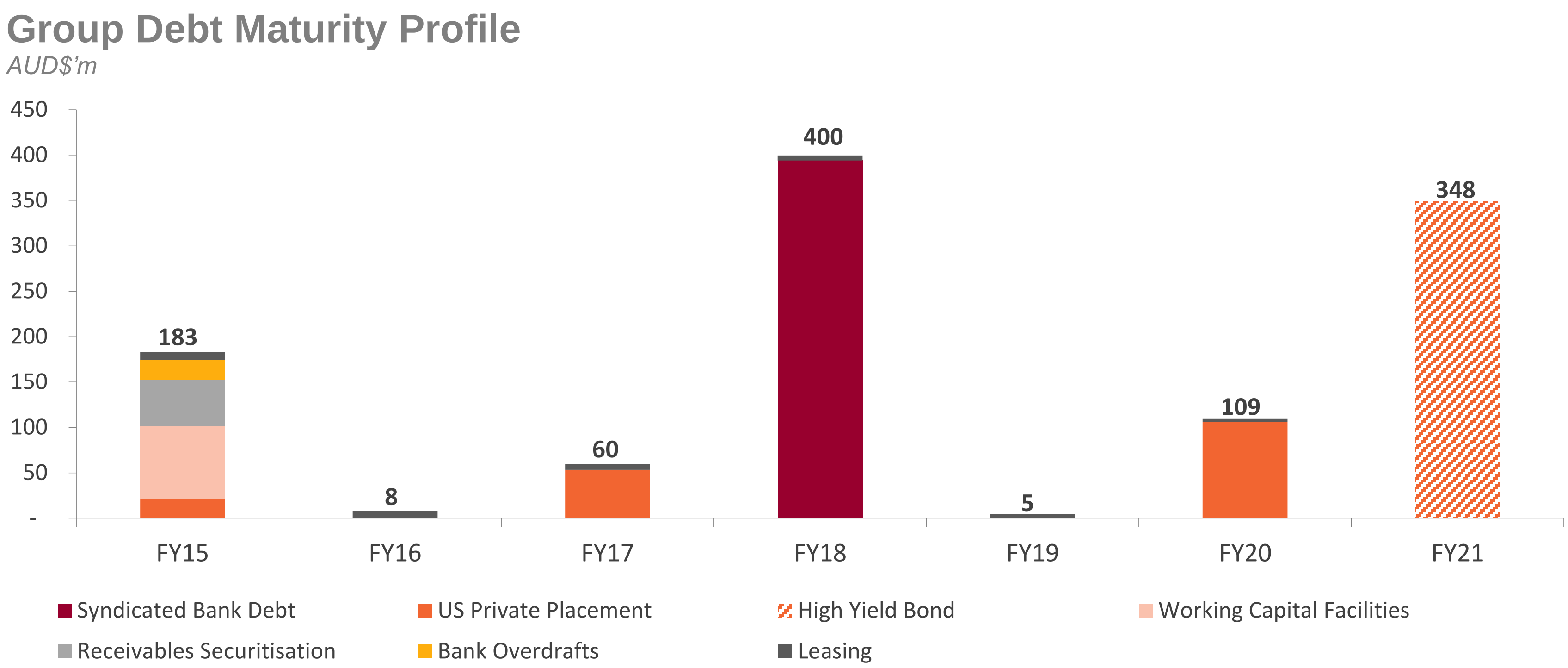
Reduced net debt and lower leverage ratio



- Material improvement in average maturity tenor of debt facilities
- High yield bonds provide access to new source of liquid funding

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Operating Model view of the business

Revenue *AUD$'m*	FY14							
Service	***Sector***							
	Defence, Social and Property	Telco	Utilities	Transport	Oil and Gas	Mining and Industrial	Unallocated	TOTAL
Operations and Maintenance	46.5	122.4	439.4	388.0	748.8	170.7	-	1,915.7
Logistics and Facilities management	1,010.8	-	-	31.3	-	22.9	-	1,065.0
Construction	-	274.6	38.9	14.8	11.4	5.5	-	345.3
Well Servicing	-	-	-	-	225.8	39.7	-	265.5
Consulting, Design and Other	97.5	-	-	-	35.8	-	3.3	136.6
TOTAL	1,154.7	397.0	478.4	434.1	1,021.8	238.8	3.3	3,728.1

Revenue *AUD$'m*	FY14 (restated for new structure)				
	Sector				
Service	Defence, Social and Property	Infrastructure	Resources and Industrial	Unallocated	TOTAL
Operations, Maintenance and Well Servicing	46.5	949.8	1,185.0	-	2,181.3
Logistics, Construction and Consulting	1,108.2	359.6	75.7	3.3	1,546.8
	1,154.7	1,309.4	1,260.7	3.3	3,728.1

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30 June 2013 Revenue Segment Note Restatement

Statutory Revenue reported prior to impairments ($'m)	Reported to the Market 30 June 2013	ANZ Regional results 30 June 2013 [1]	EW integration into R&E [2]	RACL integration into Group Corporate [3]	Impacts of IFRS 11	Restatement under new reporting structure	Taken below the line: Revenue from sale of power contracts to TWPS JV	Taken below the line: Reclass MEA as discontinued operation	Restated 30 June 2013
ANZ	2,667.1	(2,667.1)				-			-
Infrastructure	-	2,161.7			138.7	2,300.4			2,300.4
R&E	-	505.1	232.2		155.6	892.9	(27.2)		865.7
Easternwell	232.2		(232.2)			-			-
Americas	496.1					496.1			496.1
MEA [5]	51.1					51.1		(51.1)	-
Group Corporate	-			4.9		4.9			4.9
RACL	4.9			(4.9)		-			-
Reported Revenue	**3,451.5**	-	-	-	**294.0**	**3,745.5**	**(27.2)**	**(51.1)**	**3,667.1**

1 – Revenue of ANZ business split into Infrastructure and Resources and Energy
2 – Revenue of Easternwell have been integrated into Resources and Energy
3 – The interest income from RACL is integrated into Group Corporate
4 – Corporate allocation methodology has been revised
5 – Middles East and Asia (MEA) is now disclosed as a Discontinued Operation, and is no longer an operating segment

TRANSFIELD SERVICES

30 June 2013 EBITDA Segment Note Restatement

EBITDA reported prior to impairments ($'000)	Reported to the Market 30 June 2013	ANZ Regional results 30 June 2013 [1]	EW integration into R&E [2]	RACL integration into Group Corporate [3]	Net movement in the Group Corporate allocations [4]	Restatement under new reporting structure	Taken below the line: Restructuring costs reallocated to significant one-offs	Taken below the line: Gain on sale of power contracts to TWPS JV (incl stamp duty)	Other: Reclass MEA as discontinued operation	Restated 30 June 2013
ANZ	143.4	(143.4)				-				-
Infrastructure	-	103.9			26.3	130.2	2.2			132.4
R&E	-	39.5	51.0		9.2	99.7	4.6	(25.9)		78.4
Easternwell	51.0		(51.0)		-	-				-
Americas	16.7				2.7	19.3	7.9			27.2
MEA [5]	(0.9)				0.3	(0.6)	1.9		(1.3)	-
Group Corporate	(7.7)			4.9	(38.5)	(41.3)	5.1			(36.2)
RACL	4.9			(4.9)	-	-	-			-
Reported EBITDA	**207.3**	**-**	**-**	**-**	**-**	**207.3**	**21.6**	**(25.9)**	**(1.3)**	**201.7**

1 – Results of ANZ business split into Infrastructure and Resources and Energy
2 – Results of Easternwell have been integrated into Resources and Energy
3 – The investment in RACL is integrated into Group Corporate
4 – Corporate allocation methodology has been revised
5 – Middle East and Asia (MEA) is now disclosed as a Discontinued Operation, and is no longer an operating segment